

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01

DODE-00 PM-04 H-01 L-03 PA-01 PRS-01 IGA-02 NSCE-00

SSO-00 USIE-00 INRE-00 NEAE-00 /084 W

-----071327Z 103118 /65

O R 071208Z JAN 77

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC IMMEDIATE 2688

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

C O N F I D E N T I A L BEIRUT 0078

FROM CHARGE

DEPARTMENT PASS AID FOR BLAINE RICHARDSON

E.O. 11652: GDS

TAGS: PFOR, PINT, EAID, LE

SUBJECT: CALLON PRIME MINISTER AL-HOSS

1. SUMMARY. GOL PRIMIN AL-HOSS SAYS RECONSTRUCTION PLANNING IN LEBANON WILL BE CENTERED IN THE MINISTRY OF PLANNING AND EMERGENCY RELIEF ACTIVITIES IN THE MINISTRY OF SOCIAL AFFAIRS. GENERALLY, THE GOVERNMENT WILL HANDLE RECONSTRUCTION ACTIVITIES THROUGH THE ESTABLISHED MINISTRIES. AL-HOSS BELIEVES THAT THE REESTABLISHMENT OF TELECOMMUNICATIONS IS RECONSTRUCTION PRIORITY NUMBER ONE, FOLLOWED CLOSELY BY THE BEIRUT PORT. THE SAUDIS HAVE AGREED, IN PRINCIPLE, TO  
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SUPPORT LEBANESE RECONSTRUCTION AND THE GOL IS HOPEFUL THAT THEY WILL MAKE SPECIFIC COMMENTS VERY SOON. END SUMMARY.

2. CHARGE, ACCOMPANIED BY POLOFF MOLINEAUX, PAID AN INITIAL CALL ON PRIME MINISTER AL-HOSS AT HIS RESIDENCE SOUTH OF BEIRUT JAN 6. HE WAS

RELAXED AND SEEMED THOROUGHLY ENGROSSED WITH HIS JOB.

3. US AID MISSION. CHARGE DISCUSSED BRIEFLY THE ARRIVAL OF THE US AID

MISSION ON JAN 9, UNFORTUNATELY JUST BEFORE AL-HOSS HIMSELF DEPARTS FOR IRAQ AND THE GULF STATES. AL-HOSS SAID HE EXPECTED TO BE BACK IN BEIRUT BY JAN 14 AND WOULD WELCOME A CHANCE TO MEET WITH THE TEAM IF IT IS STILL IN BEIRUT AT THAT TIME.

4. GOL APPROACH TO RELIEF AND RECONSTRUCTION. AL-HOSS SAID GOL WAS MAKING DISTINCTION BETWEEN IMMEDIATE SOCIAL (RELIEF) PROBLEMS, WHICH WERE BEING HANDLED BY MINISTER OF SOCIAL AFFAIRS DR ASSAD RIZK, AND LONGER TERM RECONSTRUCTION PLANNING WHICH WAS BEING COORDINATED BY MINISTER OF PLANNING MICHEL DOUMIT. OTHER MINISTERS, SUCH AS MIN OF HOUSING SALMAN AND MIN OF TRANSPORTATION BIZRI, WILL ALSO BE INVOLVED IN SPECIFIC PROJECTS IN THEIR AREAS OF RESPONSIBILITY. AL-HOSS SAID THAT IN GENERAL THE GOL WOULD BE APPROACHING THE PROBLEMS OF THE POST-

WAR PERIOD THROUGH THE ESTABLISHED MINISTRIES, WITH APPROPRIATE INTER-

MINISTERIAL COORDINATION. HE MENTIONED THE RELIEF COORDINATION COMMITTEE HEADED BY DR RIZK. (COMMENT: THE EMBASSY HAS ALREADY BEEN INVITED TO DESIGNATE A REPRESENTATIVE ON THIS COMMITTEE, AND WE HAVE FORMALLY DESIGNATED POLITICAL OFFICER JAMES YELLIN. END COMMENT) AL-HOSS SAID THAT THE OVERALL "RECONSTRUCTION AND DEVELOPMENT COUNCIL"

(ANNOUNCED BOTH BY PRES SARKIS IN HIS NATL DAY TELEVISION ADDRESS AND BY AL-HOSS IN HIS MINISTERIAL STATEMENT) HAS NOT YET BEEN FORMED.

5. RECONSTRUCTION PRIORITIES. AL-HOSS STRESSED THAT, IN HIS VIEW, ONE  
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OF THE MOST IMPORTANT FIELDS FOR RECONSTRUCTION ACTIVITY WAS TELECOMMUNICATIONS, ON WHICH BEIRUT'S DEVELOPMENT AS THE CENTER FOR MIDDLE

EAST BUSINESS AND BANKING HAD BEEN BASED. HE THOUGHT THIS WAS A FIELD

IN WHICH THE US HAS PARTICULAR EXPERTISE AND COULD BE OF PARTICULAR ASSISTANCE. REACTIVATION OF THE BEIRUT PORT IS LIKEWISE A MATTER OF HIGH PRIORITY BUT REQUIRED NO UNUSUAL TECHNICAL EXPERTISE. CHARGE MENTIONED THAT WASHINGTON HAD A PARTICULAR INTEREST IN THE PORT AND THAT THE AID TEAM WOULD BE LOOKING AT IT VERY INTENSIVELY.

6. FRENCH TECHNICAL TEAM. WE DISCUSSED THE ARRIVAL OF A FRENCH TECHNICAL TEAM, DUE IN BEIRUT THE SAME DAY. AL-HOSS SAID THAT THE FRENCH WERE WORKING ON PLANS FOR THE CENTER CITY, IN THE CONTEXT OF THE DEVELOPMENT OF THE CITY AS A WHOLE. AL-HOSS SAID THAT THE GOVERNMENT HAD NOT YET MADE SPECIFIC DECISIONS FOR THE CENTER CITY, BUT THAT A NUMBER OF PLANS WERE UNDER CONSIDERATION. HE SAID THAT THE GOVERNMENT WAS OPEN TO EXPERT ADVICE FROM ALL QUARTERS, AND FELT VERY ACUTELY ITS OWN LACK OF EXPERTISE IN RECONSTRUCTION MATTERS.

7. GOL FINANCES. AL-HOSS MENTIONED IN PASSING THAT THE GOVERNMENT HAD BEEN PAYING ITS BILLS BY BORROWING FROM THE CENTRAL BANK--SO FAR IN THE RANGE OF SOME LL800 MILLION.

8. SOLICITING FOREIGN AID. AL-HOSS, WHO HAS ALREADY VISITED SAUDI ARABIA, KUWAIT, AND LIBYA, SAID THAT THE SAUDIS HAD MADE COMMITMENTS IN PRINCIPLE TO BE OF CONSIDERABLE ASSISTANCE TOWARDS THE RECONSTRUCTION OF LEBANON. HE HOPED THAT WITHIN A FEW DAYS HE WOULD HAVE A SPECIFIC FIGURE FROM THEM. HE SAID THAT THE KUWAITIS HAD LIKEWISE PROMISED TO BE HELPFUL, BUT WOULD SCALE THEIR OWN ASSISTANCE TO THAT OF THE SAUDIS. THE LIBYANS, HE SAID, WERE COMPLETELY COOPERATIVE AND SUGGESTED TO HIM THAT THEY COULD DIRECTLY FUND CERTAIN SPECIFIC PROJECTS, PARTICULARLY IN FIELDS WITH SOCIAL IMPACT, SUCH AS HEALTH AND EDUCATION. HE SAID THAT THE SAUDIS WANTED AN INTER-ARAB COORDINATING GROUP, TO WHICH ALL ARAB STATES WOULD CONTRIBUTE, HOWEVER SYMBOLICAL

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LY. THE PROBLEM WITH THIS APPROACH, AL-HOSS SAID, SPEAKING FROM HIS PERSONAL EXPERIENCE WITH THE ARAB FUND FOR SOCIAL AND ECONOMIC DEVELOP-

MENT BASED IN KUWAIT, WAS THAT IT WOULD TAKE AT LEAST TWO YEARS TO ORGANIZE SUCH A NEW ENTITY. AL-HOSS HAS THEREFORE PROPOSED THE ESTABLISHMENT OF A JOINT ARAB ACCOUNT FOR LEBANON IN THE FUND WHICH WOULD BE ADMINISTERED BY A SPECIAL BOARD OF TRUSTEES TO OVERSEE THE PROGRAMS IN LEBANON. HE WAS CONFIDENT THAT THE LIBYANS AS WELL AS OTHER ARAB DONORS WOULD BE AMENABLE TO SUCH AN INSTITUTIONAL APPROACH.

9. COMMENT: AL-HOSS, DRAWING FROM HIS PERSONAL EXPERIENCE, SEEMS TO BE APPROACHING HIS FORMIDABLE TASKS WITH THE MIND AND OUTLOOK OF A BANKER. CLEARLY, HE HAS FOCUSED ON THE INSTITUTIONAL AND FINANCIAL ASPECTS OF RECONSTRUCTION, AND IS PLAYING, IN EFFECT, THE ROLE OF AN INTERNATIONAL BANKER PUTTING TOGETHER A MAJOR CONSORTIUM. DURING OUR CONVERSATION, HE MADE NO MENTION OF SUCH PRESSING PROBLEMS AS THE COLLECTION OF HEAVY ARMS AND MARONITE UNREST IN EAST BEIRUT, OR THE FORMIDABLE POLITICAL PROBLEMS ASSOCIATED WITH RECONSTRUCTION.  
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